



National Association of Estate Agents' response to the latest report from Capital Economics

The National Association of Estate Agents (NAEA) is backing the conclusion of Capital Economics' report which states that we are not facing a crisis in the economy. However, they believe that the report's predicted 20% drop in prices is excessive, instead we anticipate that prices will be broadly stable next year. Reports from the NAEA's 10,000 members across the UK show that property prices have dipped in the last three months, but are still on average 10% higher than a year ago.

Chief Executive Peter Bolton King comments: "The report is fundamentally sound in dismissing the doom-mongers who are forecasting that the next recession is around the corner, however we believe that it is unnecessarily pessimistic with its forecast for 20% falls in the property market. Our figures suggest that we will see a continuation of the slight slowdown witnessed over the summer months, as interest rate rises have their required effect in bringing under control a previously overheated market.

"Although the levels of house-price-to-earnings ratio and house price inflation have reached points that have previously preceded a crash in the market, the economic context is essentially different to that of the 80s and early 90s. The UK is currently enjoying historically low interest rates, low unemployment and a stable economy, combined with the fact that housing demand outstrips supply, means that we will not experience falls anywhere in the region of 20%."

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Press Release in association with The National Association of Estate Agents (NAEA)